

CBO TESTIMONY

Statement of
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Issues That Affect the Readiness of the Army National Guard and Army Reserve

before the
Commission on the
National Guard and Reserves

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Mr. Chairman and members of the commission, I appreciate having the opportunity to appear before you to discuss issues relating to the readiness of the Army National Guard and Army Reserve. My testimony focuses on four topics: past and projected operational tempos of the Army National Guard's combat units; the overstructuring of the Guard and the need for cross-leveling to deploy its units; equipment shortages; and recruiting, retention, and end strength in the Army National Guard and Army Reserve.

Past and Projected Operational Tempos

Sustained operations in Iraq and Afghanistan (as well as associated demands, such as providing forces for Guantanamo Bay) have caused the operational tempo of combat units in the Army National Guard to increase considerably from its pre-2002 levels.¹

Before 2002, an average of only about one National Guard combat brigade—out of the 38 that existed at that time—was deployed (for example, to the Balkans or the Sinai Peninsula). Although that deployment was a departure from the previous practice of not mobilizing Army National Guard units for “peacetime” operations, it was within the goals since adopted by the Department of Defense (DoD) for the mobilization and use of the Guard.

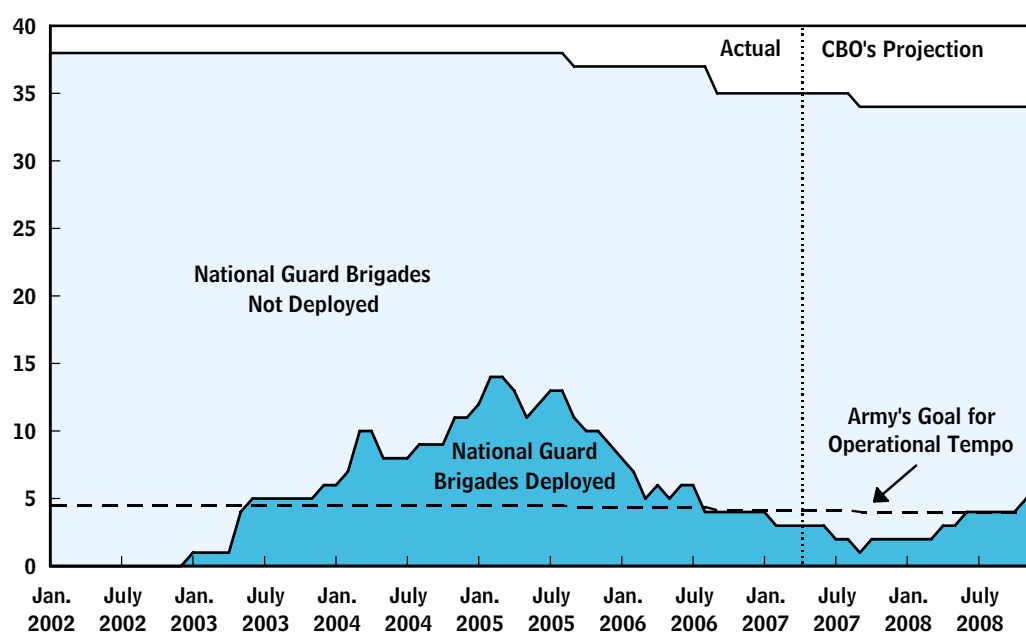
Since 2003, DoD has been committed to a policy of mobilizing National Guard units for one year out of every six. In practice, however, that policy is complicated by the fact that units in the reserve components cannot be deployed for 100 percent of their mobilization period; they require time for postmobilization training and other activities. Thus, a 12-month Army tour in Iraq would be inconsistent with a strict “one year out of six” standard. To allow for 12-month tours, Army National Guard units might need to be mobilized for up to 18 months. That length of time suggests (using the “one year out of six” standard as a simple ratio) that an individual unit could be deployed only once every nine years. More recently, DoD has set a strict one-year limit on mobilization time (with exceptions as dictated by operational needs), which implies a deployment length of less than a year and deployments once every six years.

That policy suggests that DoD now considers it appropriate to have about seven Army National Guard units at their home stations for every one deployed—the “rotation ratio” that has become DoD's standard metric for describing operational tempo. The precise rotation ratio that DoD achieves will depend on the degree to which the Army can reduce the amount of time that a Guard unit spends mobilized but not deployed. Army personnel have told the Congressional Budget Office

1. The discussion in this testimony pertains only to the Army National Guard's brigades and divisions. The Congressional Budget Office does not have the same information about the deployment of support units, some of which have experienced much higher rates of deployment (usually when a particular type of support unit is concentrated in the Army's reserve components).

Figure 1.

Number of Army National Guard Combat Brigades Deployed or Not Deployed to Iraq and Afghanistan, 2002 to 2008



Source: Congressional Budget Office.

Note: This figure excludes other uses of the Army National Guard, either overseas or domestically.

(CBO) that the Army's goal is to achieve a roughly 10-month deployment for each one-year mobilization by scheduling appropriate training exercises and other activities before mobilization, as part of National Guard units' regular non-mobilized training. That amount of time deployed versus mobilized, together with mobilizations once every six years, implies a rotation ratio for Guard units of about 7.2 to 1.

Overall, the rate at which the Army National Guard's combat brigades have been deployed since January 2003 is greater than that goal—a ratio of 4.3 units at their home stations for every unit deployed. Proportionally, Guard brigades have been stressed about as much as active Army brigades, which have had a rotation ratio of about 1.2 units at their home stations for every unit deployed (compared with the Army's goal of 2 to 1 for active units). Those various rates are averages since the beginning of 2003; at different times, the Army's reliance on the active and reserve components for combat forces has varied. For example, the initial invasion and occupation of Iraq in 2003 employed relatively few National Guard combat brigades, as did the 2006 rotation of forces. The Army made greater use of National Guard combat units in the 2004 and 2005 rotations (see Figure 1).

In the future, the degree to which operational tempos in the active and reserve components will meet or exceed DoD's goals will depend on both the demand for

forces and decisions about how heavily each component should contribute to meeting that demand. Once the Army has finished establishing its six new active-duty combat brigades—which are planned for 2012 but may be accelerated to 2010—it should be able to keep a force of 15 combat brigades in Iraq indefinitely while meeting its and DoD’s goals for active- and reserve-component operational tempos. However, the addition of six brigades would not allow the ongoing “surge” (composed of 20 brigades) to be sustained for a year or more without exceeding those deployment goals for at least one of the Army’s components.

DoD’s announcement that four Army National Guard brigades will be alerted for deployment in 2008 illustrates some possible complications with DoD’s mobilization policy for Guard brigades and its implementation. Three of those units—the 39th, 45th, and 76th Infantry Brigades—have been deployed previously to Iraq or Afghanistan, and elements of the 45th and 76th have been deployed twice.² Thus, the National Guard Bureau’s nomination of those units for deployment is inconsistent with the goals for operational tempo contained in DoD’s policy.

Overstructure and Cross-Leveling

When a unit of the Army National Guard is being mobilized for deployment, equipment and personnel are transferred to it from one or more other units. That practice, known as cross-leveling, is necessary because the Army National Guard has long been—and continues to be—overstructured. The overstructure has meant that the Guard has had more personnel slots in its total structure than it has been able to assign people to fill.

Reasons for the Guard’s Overstructure

Historically, overstructure springs from two sources. First, until recently, the Army National Guard did not have a so-called training, transients, holding, and students (TTHS) account. For that reason, National Guard personnel who were moving from one assignment to another, receiving individual training away from a unit, or attending Army schools would have to be counted (“booked”) against the authorized personnel of their unit, despite not being present in the unit. Thus, units would commonly have “missing” personnel who were booked against the unit but not present, leading to personnel shortages.

Second, the Army National Guard historically had more combat units than it had personnel to man them, which resulted in undermanned units. In 2002, for example, the Guard’s divisions and separate brigades required a total of nearly 200,000 personnel and were authorized to have almost 195,000 personnel, but they had only 172,000 personnel assigned to them—an 88 percent fill rate compared with the authorized level. That degree of overstructure was equivalent to about six separate brigades that could not be manned. However, because it was distributed across almost all of the Guard’s combat forces, the overstructure meant that separate brigades had fill rates of about 90 percent, and divisions had fill rates of 80

2. Of the four brigades, only the 37th has not been deployed before.

percent to 85 percent. (The difference resulted from decisions in the 1990s to give priority in resources and manning to the “enhanced” separate brigades over the divisions.)

Effects on Deployments

When mobilized for deployment, a unit must be brought to at least 100 percent of its authorized strength. (Units are commonly deployed at 105 percent or more of their authorized strength to compensate for the fraction of personnel who become ill or injured during the deployment or who return home early for medical, hardship, or other reasons.) In the Army National Guard, that requirement necessitates transferring additional personnel into the unit. Such cross-leveling allows an undermanned unit to be deployed at full strength, but it causes some temporary loss of cohesion in the receiving unit because of the influx of new personnel. Moreover, it causes the donor units to be even more undermanned than they were before. In an extended series of contingency operations (such as those in Afghanistan and Iraq), the donor units themselves will probably have to deploy sometime in the future, compounding the problem of undermanning.

Under DoD’s policy restricting the time that individual reserve-component personnel can be mobilized and deployed, a donor unit could easily find that once it received its transferred personnel back, it not only was still understrength but also had a large number of personnel who were ineligible for mobilization and deployment. Thus, activating a unit that had previously donated personnel would probably require a larger infusion of personnel to overcome the standard undermanning of all National Guard combat units and to compensate for those unit personnel who were ineligible for remobilization and another deployment. That additional cross-leveling would further reduce the pool of deployable personnel for other donor units. In short, each additional deployment of a unit that required cross-leveling would further decrease the fill rates of nondeployed units.

To illustrate that phenomenon, imagine a hypothetical force of 10 brigades, each having 1,000 authorized positions but only 900 assigned personnel. In order to deploy one brigade, it would be necessary to cross-level 100 personnel from a second brigade (or combination of brigades, although for simplicity, this example assumes only a single donor). Deploying the first unit at its full authorized strength of 1,000 personnel would thus mean reducing another brigade to only 800 personnel. The second brigade would eventually receive 100 personnel back, but they would be ineligible for another deployment. To deploy that second brigade, 200 personnel would have to be cross-leveled into that unit, leaving a third brigade with only 700 personnel available, and so on. Ultimately, the 10th brigade would be unable to deploy because it would have no personnel available.

Viewed another way, the hypothetical force, with only 9,000 personnel in all, is capable of manning only nine of the hypothetical brigades’ worth of structure. By spreading nine brigades’ worth of personnel over 10 brigades’ worth of structure, the force does not gain a 10th brigade of capability because none of those brigades are up to full strength. As long as cross-leveling is necessary and the force is being

used, cross-leveling must snowball over time, with ever greater numbers of personnel required for cross-leveling into each deploying unit.

Recent Changes by the Army and DoD

Partly in response to the problem of cross-leveling, the Army has been reducing the number of excess positions in the National Guard in recent years. It created a dedicated TTHS account for the reserve components—which required restructuring or eliminating the authorized personnel of other units but now allows people who are not present in a unit to be booked against the TTHS account rather than their unit. In addition, the Army is restructuring the National Guard’s combat forces to reduce the amount of overstructure. In the future (roughly around 2012), the number of Guard combat brigades will decline to 28, compared with 38 before the beginning of operations in Iraq and Afghanistan and 34 now.

However, at the present time—with some of those changes already executed—the Army National Guard’s combat forces still have only 93 percent of their authorized personnel assigned to them. Thus, they still require cross-leveling. Not all of the reductions in combat brigades will be simple inactivations; some will be conversions to different types of brigades. Consequently, although the number of authorized personnel required for the National Guard’s force structure will fall, that decline will not be proportional to the number of combat brigades eliminated.

Besides the Army’s decisions about the structure of the National Guard, DoD has changed its policy on the employment of reserve-component forces. The new policy will no longer base deployments on the number of times that individual reservists or guardsmen have been deployed; instead, deployments will be based on the frequency with which a given unit has been deployed. In theory, that shift could break the link between donor and recipient units that causes cross-leveling to continuously escalate. In practice, however, the link will be broken only if DoD is willing to deploy reservists who have already been deployed once (or several times) recently. In a sense, that change could address the problem of overstructure by requiring individual personnel to deploy more often.

Equipment

The Army has stated numerous times that its National Guard and Reserve units are short of modern equipment. That phenomenon is not new. Lieutenant General Steven Blum, Chief of the National Guard Bureau, recently testified that equipment shortfalls in the National Guard have been long-standing.³ Nevertheless, whatever shortages the Guard and Reserve experienced before Operations Iraqi Freedom and Enduring Freedom have been exacerbated to some extent by the practice of leaving equipment behind in those operations for use by successive units. In a process similar to cross-leveling of personnel, Guard units that were short of modern equipment borrowed equipment from other units (which also had

3. William H. McMichael, “Top Guard Official Says Units Will Deploy Ready,” *Army Times*, April 23, 2007.

shortages) in order to be fully equipped to deploy to Iraq. When returning home, some of those units were required to leave the equipment behind for use by later-deploying units (both active and reserve). As a result, all of the affected donor units and deploying units were more short of equipment than they had been before operations in Iraq began.

The effect of that equipment policy is difficult to quantify because CBO lacks data on precisely what equipment reserve-component units had before they deployed to Iraq or what they left behind. However, the Army requested \$2.5 billion in the supplemental bridge fund for military operations (contained in the 2007 defense appropriations bill) specifically to replace equipment that reserve-component units left behind in-theater in support of Operations Iraqi Freedom and Enduring Freedom.⁴ Thomas Hall, Assistant Secretary of Defense for Reserve Affairs, told this commission in April that DoD plans to spend \$36 billion over the next five years to buy equipment for reserve-component units in order to bring their readiness to between 80 percent and 90 percent.⁵ Of that amount, \$27 billion is intended for the Army National Guard and Army Reserve.

Whether those plans will be executed on a schedule and in a manner that correct the equipment problems remains to be seen. The Government Accountability Office (GAO) has testified that some attempts to redistribute equipment among Army units in the United States have been problematic. For instance, the Army sent many unarmored HMMWVs (high-mobility multipurpose wheeled vehicles) back to the United States from Iraq because they were not sufficiently protected to use there. Those vehicles were then repaired and overhauled and distributed to some units preparing to deploy to Iraq. However, according to GAO, because the unarmored HMMWVs handle very differently than the more heavily armored (“up-armored”) versions that personnel would be using in Iraq, training on the unarmored versions did not properly prepare personnel for their use in Iraq.⁶

The converse of that problem was underlined by Congressman Duncan Hunter in a recent hearing when he pointed out that, although up-armored HMMWVs are necessary for operations in dangerous places such as Iraq, they are not as useful for the missions that Guard personnel are often called on to carry out in the United States, such as hurricane relief or homeland security.⁷ Those two anecdotes illustrate the difficulties that exist in providing reserve-component units with

4. See the statements of Brigadier General Charles Anderson, Major General Vincent Boles, Brigadier General Robert Radin, and Thomas Mullins, Deputy Assistant Secretary of the Army for Plans, Programs, and Resources, before the Subcommittees on Readiness and Air and Land Forces of the House Armed Services Committee, January 31, 2007.

5. William H. McMichael, “DoD: Reservists Getting Funding, Training,” *Army Times*, April 23, 2007.

6. Government Accountability Office, *Defense Logistics: Preliminary Observations on the Army’s Implementation of its Equipment Reset Strategies*, GAO-07-439T (January 31, 2007), p. 11.

7. Hearing by the House Armed Services Committee on the 2008 defense budget, February 14, 2007.

equipment that is sufficient both to prepare them for duty in Iraq and to support the domestic missions they may be asked to perform.

Recruiting, Retention, and End Strength in the Army National Guard and Army Reserve

The military's ability to maintain the force levels required to continue conducting operations in Iraq and Afghanistan rests on its ability to recruit and retain personnel. Some military analysts and policymakers have expressed concern that the ongoing operations could detrimentally affect both recruiting and retention. The Army National Guard and Army Reserve—the reserve components deploying the most personnel to those operations—have faced recruiting difficulties in recent years. The largest shortfalls occurred in fiscal year 2005, although both the Guard and Reserve experienced a turnaround in recruiting in 2006, approaching their goals for number of accessions. Retention rates, meanwhile, have held steady or improved in recent years. Nevertheless, questions remain about the ability of the Army Reserve to meet its personnel targets in future years.

In a 2006 study, CBO examined recruiting and retention rates for enlisted personnel in each of the military components, the factors that can influence those rates, and the implications of changes in each component's success in recruiting and retaining service members.⁸ CBO focused particularly on the Army because it continues to face difficulties increasing its end strength in accordance with Congressional authorization.⁹

Two key factors determine future end-strength levels: yearly accessions and continuation rates.¹⁰ Accessions and continuation rates are related in a complex way. A trained service member who leaves the military must be replaced by more than

8. Congressional Budget Office, *Recruiting, Retention, and Future Levels of Military Personnel* (October 2006).

9. Authorized end strength is a goal set by the Congress in the National Defense Authorization Act for the number of service members in a component's force at the end of the fiscal year.

10. In the active components, accessions are typically new recruits who undergo basic training and begin their military service (that is, they "ship" to initial training). A related concept is the number of contracts, or agreements between recruits and the military that they will join the service (after they graduate from high school, for example). Recruits who sign contracts but do not ship immediately instead enter the Delayed Entry Program and are not counted toward end strength. In the reserve components, by comparison, accessions are typically people who have signed contracts to participate in the Selected Reserves; they are counted toward end strength. In the Army Reserve, however, recruits with prior service are considered accessions (and counted toward end strength), but those without prior service are not considered accessions (and are not counted toward end strength) until they attend initial training.

Continuation rates convey the proportion of service members who remain in the military for a specific period. CBO typically looks at the 12-month continuation rate—the proportion of service members from the beginning of a fiscal year who stay in the military through at least the end of that year. In its modeling, CBO considered the 12-month rate for service members at each experience level.

one accession to account for recruits who leave during training or during their first few years of service.

Updating its 2006 study, CBO has projected the potential future end strength of the Army National Guard and Army Reserve separately on the basis of their 2006 end strength, 2006 continuation rates, and 2007 accession goals. CBO then compared those projections with the levels authorized by the Congress. CBO also modeled other scenarios, varying assumptions about accessions and continuation rates to explore the conditions under which the Guard and Reserve might achieve their authorized strength levels. (For the most part, the analysis focuses on enlisted personnel.)

Army National Guard

The Army National Guard missed its recruiting goal for each fiscal year from 2003 to 2005 by at least 13 percent.¹¹ In 2005, with a somewhat higher-than-average goal of 63,000 recruits, the Guard had its largest shortfall—almost 13,000 recruits, or 20 percent. Consequently, its end strength fell from more than 350,000 troops in 2003 to 333,000 in 2005. To partially compensate, the Guard set a goal of 70,000 recruits in 2006, the highest level of this decade. By increasing the number of recruiters, enlistment incentives, and other resources, the Guard recruited just over 69,000 personnel. That number, combined with higher continuation rates, caused end strength to rise to slightly more than 346,000 by September 2006. Through March 2007, the National Guard has exceeded its goal for the fiscal year to date, recruiting 33,700 soldiers, or 48 percent of its annual target of 70,000.

If the Guard meets its 2007 accession goal of 70,000 and maintains continuation rates at the 2006 levels, it will finish this year with an end strength almost 3 percent over its authorized level of 350,000 personnel, CBO estimates. If accessions instead number 60,000 for 2007, the Guard can maintain its authorized end strength of 350,000 this year, assuming that continuation rates are similar to those experienced in 2006. Accessions of 59,000 to 60,000 per year thereafter would allow end strength to grow to 355,000 by the end of 2011, as planned in DoD's 2008 Future Years Defense Program (FYDP).

Army Reserve

In the Army Reserve, end strength dropped from 204,000 troops in fiscal year 2004 to 189,000 in 2005—16,000 below the authorized level of 205,000 for that year. That decline reflected difficulties in recruiting as well as a decrease in continuation rates. Despite having set the lowest recruiting goal of the decade in 2005—28,485 accessions—the Army Reserve fell short by nearly 5,000 people, or 16 percent. The creation of the Reserve's Delayed Entry Program in 2004 and a related change in how that component counts end strength account for some of the short-

11. Some components make a distinction between their accession mission and recruiting mission. In that case, the accession mission includes all gains—people with or without prior service—whereas the recruiting mission refers to enlistments by people without prior service. In this testimony, CBO uses the phrases interchangeably, referring to gains of both types of personnel.

fall. Under those policy changes, about 3,500 recruits who had signed contracts but did not have prior service were not considered accessions and were not due to be counted toward end strength until they attended initial training.¹²

For 2006, the Army Reserve raised its recruiting goal to 36,000. In an effort to meet that goal, the Reserve shifted most of its recruiting-support personnel into direct recruiting (although the total number of recruiters and support personnel at the end of 2006 declined by 4 percent from the previous year). In addition, it boosted its total spending on enlistment bonuses from an average of \$25 million annually between 2000 and 2002 to \$84 million in 2006. By the end of the year, the Reserve had recruited 34,400 enlisted personnel, or 95 percent of its target.

In addition to more enlistments, more soldiers remained in the Reserve in 2006. In part because incentives for reenlistment were increased substantially, continuation rates last year were among the highest of the decade. In 2005, the Reserve began a program in which members serving in-theater could receive a bonus of up to \$15,000 (regardless of their occupational specialty) if they reenlisted. In addition, the Reserve created the Critical Skills Assignment Retention Bonus program (authorized in the National Defense Authorization Act of 2006) and spent \$44 million on that program in 2006. Altogether, the Army Reserve spent almost \$174 million on reenlistment bonuses for its drilling members in 2006, compared with between \$3 million and \$12 million a year during the 2000-2004 period. The resulting improvements in recruiting and retention caused end strength to stabilize in 2006 at 190,000 personnel. However, that number was 15,000 short of the authorized level for that year of 205,000.

For 2007, the Reserve's accession goal was reduced to 35,500 from the previous year's target of 36,000, and authorized end strength fell to 200,000. Through March 2007, the Reserve had recruited 13,000 enlisted personnel—92 percent of its goal for that period—compared with 13,400 recruits over the same period last year.

The 2008 FYDP calls for the Army Reserve to reach an end strength of 205,000 by 2008 and to remain at that level through 2012. Achieving that size force by 2008 would require higher accession levels and continuation rates than those sustained in this decade. CBO calculates that if continuation rates rose to match the highest levels of the decade (those in 2003)—and if accessions grew from 35,500 in 2007 to 40,000 in 2008 and 42,000 in 2009—the force would increase to 198,000 personnel in 2008 and then reach 205,000 in 2009. However, accessions of that magnitude are above the average numbers attained early in the decade.¹³

12. Unlike end strength, the operational strength of the Army Reserve (the trained and ready force) was unaffected by the creation of the Delayed Entry Program.

13. The average accession level from 2000 to 2003 was 43,500 per year. However, if accessions were defined as they are now, the average for that period would have been roughly 37,500 per year.

If, instead, continuation rates remained at their 2006 levels and the Army Reserve attracted its current goal of 35,500 recruits annually for the next several years, the force would grow to about 192,000 personnel in 2011, CBO projects. Achieving an end strength of 205,000 by 2011 would require meeting this year's accession goal and then recruiting 40,000 to 41,000 people each year thereafter.

To obtain those roughly 6,000 additional annual enlistments, the Army Reserve could either increase its recruiting resources (by adding recruiters, for instance) or improve incentives to enlist (say, by boosting compensation). However, other factors besides recruiting resources and incentives affect recruiting success. For example, the war in Iraq probably has a significant impact on young people's propensity to join the military. The state of the economy is also an important determinant of the military's success in recruiting.

Research evidence on the effectiveness of recruiting resources for the Army Reserve is scanty. However, one study from 1991 concluded that if the Reserve boosted its recruiting force by 10 percent, enlistments might rise by between 7 percent and 8 percent.¹⁴ That research suggests that the Army Reserve would need an additional 350 to 425 recruiters—at an annual cost of roughly \$50 million to \$60 million (in 2007 dollars)—to achieve its end-strength goal by 2011.

14. See Hong W. Tan, *Non-Prior Service Reserve Enlistments*, R-3786-FMP/RA (Arlington, Va.: RAND, 1991). That study and others that CBO reviewed did not include recruiting resources such as advertising, bonuses, and education benefits.